GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:977
ANSWERED ON:23.10.2008
HIKE IN PRICES OF LIFE SAVING DRUGS DUE TO IMPLEMENTATION OF VAT
Ramadass Prof. M;Sharma Shri Madan Lal

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) Whether the prices of life saving drugs of AIDS, Cancer and some other diseases are apprehended to go up due to the implementation of Value Added Tax (VAT) recently;

(b) If so,the details thereof and the extent to which VAT is responsible for the hike in prices of drugs along with the names of drugs thereof;and

(c) the steps taken to control the prices of life saving drugs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF STATE IN THE MINISTRY OF MINES (SHRI B.K.HANDIQUE)

(a)to (c): The purpose of implementation of VAT was to avoid multiplicity of sales tax and bring uniformity in tax structure. Nearly all State Governments have levied 4% VAT.There is no such apprehension that due to imposition of VAT prices of some of the essential medicines would go up.

Various steps are taken by Government/National Pharmaceutical Pricing Authority (NPPA) to control and regulate prices of essential drugs under Drugs Price Control Order (DPCO), 1995.Prices of various medicines are regularly monitored by NPPA and whereby required corrective action is taken.